

**Written options outstanding at January 31, 2005 (Unaudited)**  
**(premiums received \$1,992,517)**

<b>Contract amount</b>		<b>Expiration date/ strike price</b>	<b>Value</b>
156,435	Abercrombie & Fitch Co. Class A (Call)	Feb 05 / \$54.85	\$ 29,253
493,311	Altera Corp. (Put)	Feb 05 / \$16.51	18,253
110,970	Apollo Group, Inc. Class A (Call)	Mar 05 / \$86.04	53,044
150,024	Apple Computer, Inc. (Put)	Feb 05 / \$56.92	150
243,739	Countrywide Financial Corp. (Call)	Feb 05 / \$40.90	26,007
75,370	eBay, Inc. (Put)	Feb 05 / \$76.12	83,600
76,377	eBay, Inc. (Put)	Mar 05 / \$72.72	59,956
155,510	Forest Laboratories, Inc. (Put)	Feb 05 / \$37.72	7,807
425,529	Gap, Inc. (The) (Put)	Feb 05 / \$19.11	1,149
267,960	Gilead Sciences, Inc. (Put)	Feb 05 / \$30.55	52,065
164,370	Kohl's Corp. (Call)	Feb 05 / \$54.52	16
77,697	Lexmark International, Inc. (Put)	Feb 05 / \$75.41	13,185
462,924	Motorola, Inc. (Call)	Feb 05 / \$18.70	10,045
117,543	PacifiCare Health Systems, Inc. (Call)	Feb 05 / \$61.65	153,981
163,565	St. Jude Medical, Inc. (Put)	Feb 05 / \$35.25	17,338
159,201	Starbucks Corp. (Put)	Mar 05 / \$49.33	63,139
282,171	Symantec Corp. (Put)	Feb 05 / \$21.00	44,019
105,615	Valero Energy Corp. (Call)	Feb 05 / \$47.51	491,743
177,720	Valero Energy Corp. (Call)	Mar 05 / \$54.16	222,577
39,414	WellPoint, Inc. (Call)	Feb 05 / \$126.22	14,615
			<b>\$1,361,942</b>

# Statement of assets and liabilities

January 31, 2005 (Unaudited)

## Assets

Investment in securities, at value, including \$292,597,386 of securities on loan (Note 1):	
Unaffiliated issuers (identified cost \$12,008,708,410)	\$12,981,451,679
Affiliated issuers (identified cost \$3,246,106) (Note 5)	3,246,106
Cash	9,079,781
Dividends, interest and other receivables	5,183,125
Receivable for shares of the fund sold	9,217,976
Receivable for securities sold	199,464,392
<b>Total assets</b>	<b>\$13,207,643,059</b>

## Liabilities

Payable for securities purchased	251,207,801
Payable for shares of the fund repurchased	34,617,366
Payable for compensation of Manager (Notes 2 and 5)	16,773,668
Payable for investor servicing and custodian fees (Note 2)	2,500,118
Payable for Trustee compensation and expenses (Note 2)	980,102
Payable for administrative services (Note 2)	15,601
Payable for distribution fees (Note 2)	3,781,834
Written options outstanding, at value (premiums received \$1,992,517) (Note 1)	1,361,942
Collateral on securities loaned, at value (Note 1)	300,582,405
Other accrued expenses	2,644,417
<b>Total liabilities</b>	<b>614,465,254</b>
<b>Net assets</b>	<b>\$12,593,177,805</b>

## Represented by

Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$16,099,392,776
Undistributed net investment income (Note 1)	57,440,101
Accumulated net realized loss on investments (Note 1)	(4,537,028,916)
Net unrealized appreciation of investments	973,373,844
<b>Total — Representing net assets applicable to capital shares outstanding</b>	<b>\$12,593,177,805</b>

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# Statement of assets and liabilities

(Continued)

## Computation of net asset value and offering price

Net asset value and redemption price per class A share (\$7,951,863,524 divided by 496,362,066 shares)	\$16.02
Offering price per class A share (100/94.75 of \$16.02)*	\$16.91
Net asset value and offering price per class B share (\$2,198,486,086 divided by 156,898,149 shares)**	\$14.01
Net asset value and offering price per class C share (\$105,800,217 divided by 6,876,192 shares)**	\$15.39
Net asset value and redemption price per class M share (\$109,907,505 divided by 7,286,972 shares)	\$15.08
Offering price per class M share (100/96.50 of \$15.08)*	\$15.63
Net asset value, offering price and redemption price per class R share (\$542,795 divided by 34,035 shares)	\$15.95
Net asset value, offering price and redemption price per class Y share (\$2,226,577,678 divided by 134,691,747 shares)	\$16.53

\* On single retail sales of less than \$50,000. On sales of \$50,000 or more and on group sales, the offering price is reduced.

\*\* Redemption price per share is equal to net asset value less any applicable contingent deferred sales charge.

The accompanying notes are an integral part of these financial statements.

# Statement of operations

Six months ended January 31, 2005 (Unaudited)

## Investment income:

Dividends (net of foreign tax of \$40,927)	\$132,716,841
Interest (including interest income of \$588,437 from investments in affiliated issuers) (Note 5)	1,285,348
Securities lending	180,941
<b>Total investment income</b>	<b>134,183,130</b>

## Expenses:

Compensation of Manager (Note 2)	33,970,864
Investor servicing fees (Note 2)	20,349,080
Custodian fees (Note 2)	254,099
Trustee compensation and expenses (Note 2)	112,962
Administrative services (Note 2)	68,652
Distribution fees — Class A (Note 2)	10,599,905
Distribution fees — Class B (Note 2)	11,544,327
Distribution fees — Class C (Note 2)	566,260
Distribution fees — Class M (Note 2)	450,741
Distribution fees — Class R (Note 2)	981
Other	2,797,676
Non-recurring costs (Notes 2 and 6)	448,101
Costs assumed by Manager (Notes 2 and 6)	(448,101)
Fees waived and reimbursed by Manager (Note 5)	(44,771)
<b>Total expenses</b>	<b>80,670,776</b>
Expense reduction (Note 2)	(3,927,747)
<b>Net expenses</b>	<b>76,743,029</b>
<b>Net investment income</b>	<b>57,440,101</b>
Net realized gain on investments (Notes 1 and 3)	251,338,812
Net realized gain on futures contracts (Note 1)	63,662
Net realized gain on written options (Notes 1 and 3)	2,670,182
Net unrealized appreciation of investments, futures contracts and written options during the period	477,381,808
<b>Net gain on investments</b>	<b>731,454,464</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$788,894,565</b>

The accompanying notes are an integral part of these financial statements.

# Statement of changes in net assets

	Six months ended January 31 2005*	Year ended July 31 2004
<b>Decrease in net assets</b>		
Operations:		
Net investment income (loss)	\$ 57,440,101	\$ (22,596,991)
Net realized gain on investments	254,072,656	1,980,323,022
Net unrealized appreciation (depreciation) of investments	477,381,808	(957,831,210)
<b>Net increase in net assets resulting from operations</b>	<b>788,894,565</b>	<b>999,894,821</b>
Redemption fees (Note 1)	14,930	7,550
Decrease from capital share transactions (Note 4)	(2,300,653,037)	(5,030,437,179)
<b>Total decrease in net assets</b>	<b>(1,511,743,542)</b>	<b>(4,030,534,808)</b>
<b>Net assets</b>		
Beginning of period	14,104,921,347	18,135,456,155
<b>End of period</b> (including undistributed net investment income of \$57,440,101 and \$—, respectively)	<b>\$12,593,177,805</b>	<b>\$14,104,921,347</b>

\* Unaudited

The accompanying notes are an integral part of these financial statements.

# Financial highlights

(For a common share outstanding throughout the period)

## CLASS A

Per-share operating performance	Six months ended January 31 (Unaudited)	Year ended July 31				
	2005	2004	2003	2002	2001	2000
Net asset value, beginning of period	\$15.13	\$14.45	\$13.42	\$19.53	\$30.22	\$24.25
Investment operations:						
Net investment income (loss) (a)	.07(d)(f)	(.01)(d)	.01	.03	.08	(.11)
Net realized and unrealized gain (loss) on investments	.82	.69	1.02	(5.35)	(8.17)	9.06
Total from investment operations	.89	.68	1.03	(5.32)	(8.09)	8.95
Less distributions:						
From net investment income	—	—	—(e)	(.04)	(.01)	—
From net realized gain on investments	—	—	—	(.75)	(2.59)	(2.98)
From return of capital	—	—	—(e)	—	—	—
Total distributions	—	—	—(e)	(.79)	(2.60)	(2.98)
Redemption fees	—(e)	—(e)	—	—	—	—
Net asset value, end of period	\$16.02	\$15.13	\$14.45	\$13.42	\$19.53	\$30.22
Total return at net asset value (%) (b)	5.88*	4.71	7.68	(28.24)	(28.54)	37.76
<b>Ratios and supplemental data</b>						
Net assets, end of period (in thousands)	\$7,951,864	\$8,710,655	\$11,909,405	\$11,811,007	\$17,683,446	\$25,277,820
Ratio of expenses to average net assets (%) (c)	.55*(d)	1.04(d)	1.02	.96	.88	.86
Ratio of net investment income (loss) to average net assets (%)	.47*(d)(f)	(.04)(d)	.10	.21	.33	(.37)
Portfolio turnover (%)	29.71*	45.73	62.09	91.27	140.30	76.95

\* Not annualized.

- (a) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- (b) Total return assumes dividend reinvestment and does not reflect the effect of sales charges.
- (c) Includes amounts paid through expense offset and brokerage service arrangements (Note 2).
- (d) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Market Fund during the period. As a result of such waivers, the expenses of the fund for the periods ended January 31, 2005 and July 31, 2004 reflect a reduction of less than 0.01% of average net assets for class A shares (Note 5).
- (e) Amount represents less than \$0.01 per share.
- (f) Reflects a special dividend which amounted to \$0.08 per share and 0.48% of average net assets.

The accompanying notes are an integral part of these financial statements.

# Financial highlights

(For a common share outstanding throughout the period)

## CLASS B

Per-share operating performance	Six months ended January 31 (Unaudited)	Year ended July 31				
	2005	2004	2003	2002	2001	2000
Net asset value, beginning of period	\$13.28	\$12.78	\$11.96	\$17.59	\$27.68	\$22.57
<b>Investment operations:</b>						
Net investment income (loss) (a)	.01(d)(f)	(.11)(d)	(.08)	(.08)	(.09)	(.31)
Net realized and unrealized gain (loss) on investments	.72	.61	.90	(4.80)	(7.40)	8.40
<b>Total from investment operations</b>	<b>.73</b>	<b>.50</b>	<b>.82</b>	<b>(4.88)</b>	<b>(7.49)</b>	<b>8.09</b>
<b>Less distributions:</b>						
From net investment income	—	—	—	—	(.01)	—
From net realized gain on investments	—	—	—	(.75)	(2.59)	(2.98)
<b>Total distributions</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(.75)</b>	<b>(2.60)</b>	<b>(2.98)</b>
Redemption fees	—(e)	—(e)	—	—	—	—
<b>Net asset value, end of period</b>	<b>\$14.01</b>	<b>\$13.28</b>	<b>\$12.78</b>	<b>\$11.96</b>	<b>\$17.59</b>	<b>\$27.68</b>
<b>Total return at net asset value (%) (b)</b>	<b>5.50*</b>	<b>3.91</b>	<b>6.86</b>	<b>(28.82)</b>	<b>(29.02)</b>	<b>36.69</b>
<b>Ratios and supplemental data</b>						
<b>Net assets, end of period (in thousands)</b>	<b>\$2,198,486</b>	<b>\$2,343,329</b>	<b>\$2,815,586</b>	<b>\$3,406,811</b>	<b>\$7,170,549</b>	<b>\$11,692,070</b>
Ratio of expenses to average net assets (%) (c)	.93*(d)	1.79(d)	1.77	1.71	1.63	1.61
Ratio of net investment income (loss) to average net assets (%)	.09*(d)(f)	(.80)(d)	(.65)	(.53)	(.42)	(1.12)
Portfolio turnover (%)	29.71*	45.73	62.09	91.27	140.30	76.95

\* Not annualized.

- (a) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- (b) Total return assumes dividend reinvestment and does not reflect the effect of sales charges.
- (c) Includes amounts paid through expense offset and brokerage service arrangements (Note 2).
- (d) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Market Fund during the period. As a result of such waivers, the expenses of the fund for the periods ended January 31, 2005 and July 31, 2004 reflect a reduction of less than 0.01% of average net assets for class B shares (Note 5).
- (e) Amount represents less than \$0.01 per share.
- (f) Reflects a special dividend which amounted to \$0.07 per share and 0.48% of average net assets.

The accompanying notes are an integral part of these financial statements.

# Financial highlights

(For a common share outstanding throughout the period)

## CLASS C

Per-share operating performance	Six months ended January 31 (Unaudited)		Year ended July 31			
	2005	2004	2003	2002	2001	2000
Net asset value, beginning of period	\$14.58	\$14.03	\$13.13	\$19.23	\$30.00	\$24.25
<b>Investment operations:</b>						
Net investment income (loss) (a)	.01(d)(f)	(.12)(d)	(.08)	(.09)	(.09)	(.33)
Net realized and unrealized gain (loss) on investments	.80	.67	.98	(5.26)	(8.08)	9.06
Total from investment operations	.81	.55	.90	(5.35)	(8.17)	8.73
<b>Less distributions:</b>						
From net investment income	—	—	—	—	(.01)	—
From net realized gain on investments	—	—	—	(.75)	(2.59)	(2.98)
Total distributions	—	—	—	(.75)	(2.60)	(2.98)
Redemption fees	—(e)	—(e)	—	—	—	—
Net asset value, end of period	\$15.39	\$14.58	\$14.03	\$13.13	\$19.23	\$30.00
Total return at net asset value (%) (b)	5.56*	3.92	6.85	(28.81)	(29.05)	36.79
<b>Ratios and supplemental data</b>						
Net assets, end of period (in thousands)	\$105,800	\$116,854	\$157,925	\$156,830	\$244,232	\$219,658
Ratio of expenses to average net assets (%) (c)	.93*(d)	1.79(d)	1.77	1.71	1.63	1.61
Ratio of net investment income (loss) to average net assets (%)	.09*(d)(f)	(.79)(d)	(.65)	(.54)	(.40)	(1.09)
Portfolio turnover (%)	29.71*	45.73	62.09	91.27	140.30	76.95

\* Not annualized.

- (a) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- (b) Total return assumes dividend reinvestment and does not reflect the effect of sales charges.
- (c) Includes amounts paid through expense offset and brokerage service arrangements (Note 2).
- (d) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Market Fund during the period. As a result of such waivers, the expenses of the fund for the periods ended January 31, 2005 and July 31, 2004 reflect a reduction of less than 0.01% of average net assets for class C shares (Note 5).
- (e) Amount represents less than \$0.01 per share.
- (f) Reflects a special dividend which amounted to \$0.07 per share and 0.48% of average net assets.

The accompanying notes are an integral part of these financial statements.



# Financial highlights

(For a common share outstanding throughout the period)

## CLASS M

Per-share operating performance	Six months ended January 31 (Unaudited)	Year ended July 31				
	2005	2004	2003	2002	2001	2000
Net asset value, beginning of period	\$14.28	\$13.70	\$12.79	\$18.71	\$29.20	\$23.61
<b>Investment operations:</b>						
Net investment income (loss) (a)	.03(d)(f)	(.08)(d)	(.05)	(.05)	(.04)	(.25)
Net realized and unrealized gain (loss) on investments	.77	.66	.96	(5.12)	(7.85)	8.82
<b>Total from investment operations</b>	<b>.80</b>	<b>.58</b>	<b>.91</b>	<b>(5.17)</b>	<b>(7.89)</b>	<b>8.57</b>
<b>Less distributions:</b>						
From net investment income	—	—	—	—	(.01)	—
From net realized gain on investments	—	—	—	(.75)	(2.59)	(2.98)
<b>Total distributions</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(.75)</b>	<b>(2.60)</b>	<b>(2.98)</b>
Redemption fees	—(e)	—(e)	—	—	—	—
<b>Net asset value, end of period</b>	<b>\$15.08</b>	<b>\$14.28</b>	<b>\$13.70</b>	<b>\$12.79</b>	<b>\$18.71</b>	<b>\$29.20</b>
<b>Total return at net asset value (%) (b)</b>	<b>5.60*</b>	<b>4.23</b>	<b>7.12</b>	<b>(28.64)</b>	<b>(28.87)</b>	<b>37.13</b>
<b>Ratios and supplemental data</b>						
Net assets, end of period (in thousands)	\$109,908	\$125,904	\$307,046	\$317,614	\$510,434	\$674,784
Ratio of expenses to average net assets (%) (c)	.80* (d)	1.54(d)	1.52	1.46	1.38	1.36
Ratio of net investment income (loss) to average net assets (%)	.22*(d)(f)	(.54)(d)	(.40)	(.29)	(.17)	(.87)
Portfolio turnover (%)	29.71*	45.73	62.09	91.27	140.30	76.95

\* Not annualized.

- (a) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- (b) Total return assumes dividend reinvestment and does not reflect the effect of sales charges.
- (c) Includes amounts paid through expense offset and brokerage service arrangements (Note 2).
- (d) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Market Fund during the period. As a result of such waivers, the expenses of the fund for the periods ended January 31, 2005 and July 31, 2004 reflect a reduction of less than 0.01% of average net assets for class M shares (Note 5).
- (e) Amount represents less than \$0.01 per share.
- (f) Reflects a special dividend which amounted to \$0.07 per share and 0.49% of average net assets.

The accompanying notes are an integral part of these financial statements.

# Financial highlights

(For a common share outstanding throughout the period)

## CLASS R

	Six months ended January 31 (Unaudited) 2005	Year ended July 31 2004	For the period January 21, 2003† to July 31, 2003
<b>Per-share operating performance</b>			
Net asset value, beginning of period	\$15.08	\$14.44	\$12.98
<b>Investment operations:</b>			
Net investment income (loss) (a)	.05(d)(f)	(.05)(d)	(.01)
Net realized and unrealized gain on investments	.82	.69	1.47
<b>Total from investment operations</b>	<b>.87</b>	<b>.64</b>	<b>1.46</b>
Redemption fees	—(e)	—(e)	—
Net asset value, end of period	\$15.95	\$15.08	\$14.44
Total return at net asset value (%) (b)	5.77*	4.43	11.25*
<b>Ratios and supplemental data</b>			
Net assets, end of period (in thousands)	\$543	\$253	\$13
Ratio of expenses to average net assets (%) (c)	.68*(d)	1.29(d)	.67*
Ratio of net investment income (loss) to average net assets (%)	.34*(d)(f)	(.34)(d)	(.08)*
Portfolio turnover (%)	29.71*	45.73	62.09

† Commencement of operations.

\* Not annualized.

- (a) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- (b) Total return assumes dividend reinvestment.
- (c) Includes amounts paid through expense offset and brokerage service arrangements (Note 2).
- (d) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Market Fund during the period. As a result of such waivers, the expenses of the fund for the periods ended January 31, 2005 and July 31, 2004 reflect a reduction of less than 0.01% of average net assets for class R shares (Note 5).
- (e) Amount represents less than \$0.01 per share.
- (f) Reflects a special dividend which amounted to \$0.08 per share and 0.50% of average net assets.

The accompanying notes are an integral part of these financial statements.

# Financial highlights

(For a common share outstanding throughout the period)

## CLASS Y

Per-share operating performance	Six months ended January 31 (Unaudited)	2004	Year ended July 31			
	2005		2003	2002	2001	2000
Net asset value, beginning of period	\$15.59	\$14.85	\$13.80	\$20.07	\$30.89	\$24.69
<b>Investment operations:</b>						
Net investment income (loss) (a)	.09(d)(f)	.03(d)	.05	.08	.14	(.04)
Net realized and unrealized gain (loss) on investments	.85	.71	1.04	(5.51)	(8.36)	9.22
<b>Total from investment operations</b>	<b>.94</b>	<b>.74</b>	<b>1.09</b>	<b>(5.43)</b>	<b>(8.22)</b>	<b>9.18</b>
<b>Less distributions:</b>						
From net investment income	—	—	(.02)	(.09)	(.01)	—
From net realized gain on investments	—	—	—	(.75)	(2.59)	(2.98)
From return of capital	—	—	(.02)	—	—	—
<b>Total distributions</b>	<b>—</b>	<b>—</b>	<b>(.04)</b>	<b>(.84)</b>	<b>(2.60)</b>	<b>(2.98)</b>
Redemption fees	—(e)	—(e)	—	—	—	—
<b>Net asset value, end of period</b>	<b>\$16.53</b>	<b>\$15.59</b>	<b>\$14.85</b>	<b>\$13.80</b>	<b>\$20.07</b>	<b>\$30.89</b>
<b>Total return at net asset value (%) (b)</b>	<b>6.03*</b>	<b>4.98</b>	<b>7.92</b>	<b>(28.08)</b>	<b>(28.33)</b>	<b>38.04</b>
<b>Ratios and supplemental data</b>						
<b>Net assets, end of period (in thousands)</b>	<b>\$2,226,578</b>	<b>\$2,807,926</b>	<b>\$2,945,482</b>	<b>\$2,568,208</b>	<b>\$3,383,428</b>	<b>\$4,459,634</b>
Ratio of expenses to average net assets (%) (c)	.42*(d)	.79(d)	.77	.71	.63	.61
Ratio of net investment income (loss) to average net assets (%)	.59* (d)(f)	.20(d)	.34	.45	.58	(.12)
Portfolio turnover (%)	29.71*	45.73	62.09	91.27	140.30	76.95

\* Not annualized.

- (a) Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.
- (b) Total return assumes dividend reinvestment.
- (c) Includes amounts paid through expense offset and brokerage service arrangements (Note 2).
- (d) Reflects waivers of certain fund expenses in connection with investments in Putnam Prime Money Market Fund during the period. As a result of such waivers, the expenses of the fund for the periods ended January 31, 2005 and July 31, 2004 reflect a reduction of less than 0.01% of average net assets for class Y shares (Note 5).
- (e) Amount represents less than \$0.01 per share.
- (f) Reflects a special dividend which amounted to \$0.08 per share and 0.47% of average net assets.

The accompanying notes are an integral part of these financial statements.

# Notes to financial statements

January 31, 2005 (Unaudited)

## Note 1

### Significant accounting policies

Putnam Voyager Fund (the "fund"), a Massachusetts business trust, is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. The fund invests primarily in common stocks of companies that Putnam Investment Management, LLC ("Putnam Management"), the fund's manager, an indirect wholly-owned subsidiary of Putnam, LLC, believes have potential for capital appreciation significantly greater than that of the market averages.

The fund offers class A, class B, class C, class M, class R and class Y shares. Class A shares are sold with a maximum front-end sales charge of 5.25%. Class B shares, which convert to class A shares after approximately eight years, do not pay a front-end sales charge but pay a higher ongoing distribution fee than class A, class M and class R shares, and are subject to a contingent deferred sales charge, if those shares are redeemed within six years of purchase. Class C shares are subject to the same fees and expenses as class B shares, except that class C shares have a one-year 1.00% contingent deferred sales charge and do not convert to class A shares. Class M shares are sold with a maximum front-end sales charge of 3.50% and pay an ongoing distribution fee that is higher than class A and class R shares but lower than class B and class C shares. Class R shares are sold without a front-end sales charge and pay an ongoing distribution fee that is higher than class A shares, but lower than class B, class C and class M shares. Class R shares are offered to qualified employee-benefit plans. Class Y shares, which are sold at net asset value, are generally subject to the same expenses as class A, class B, class C, class M and class R shares, but do not bear a distribution fee. Class Y shares are sold to certain eligible purchasers including certain defined contribution plans (including corporate IRAs), bank trust departments, trust companies, other Putnam funds and products, and certain college savings plans.

Effective April 19, 2004 (May 3, 2004 for defined contribution plans administered by Putnam), a 2.00% redemption fee may apply to any shares that are redeemed (either by selling or exchanging into another fund) within 5 days of purchase. The redemption fee is accounted for as an addition to paid-in-capital. Prior year redemption fee balances have been reclassified to conform with current year financial statement presentation.

Investment income, realized and unrealized gains and losses and expenses of the fund are borne pro-rata based on the relative net assets of each class to the total net assets of the fund, except that each class bears expenses unique to that class (including the distribution fees applicable to such classes). Each class votes as a class only with respect to its own distribution plan or other matters on which a class vote is required by law or determined by the Trustees. Shares of each class would receive their pro-rata share of the net assets of the fund, if the fund were liquidated. In addition, the Trustees declare separate dividends on each class of shares.

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

**A) Security valuation** Investments for which market quotations are readily available are valued at the last reported sales price on their principal exchange, or official closing price for certain markets. If no sales are reported — as in the case of some securities traded over-the-counter — a security is valued at its last reported bid price.

Many securities markets and exchanges outside the U.S. close prior to the close of the New York Stock Exchange and therefore the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the close of the New York Stock Exchange. Accordingly, on certain days, the fund will fair value foreign securities taking into account multiple factors, including movements in the U.S. securities markets. The number of days on which fair value prices will be used will depend on market activity and it is possible that fair value prices will be used by the fund to a significant extent. Securities quoted in foreign currencies are translated into U.S. dollars at the current exchange rate. Short-term investments having remaining maturities of 60 days or less are valued at amortized cost, which approximates fair value. Other investments, including certain restricted securities, are valued at fair value following procedures approved by the Trustees. Such valuations and procedures are reviewed periodically by the Trustees.

**B) Joint trading account** Pursuant to an exemptive order from the Securities and Exchange Commission ("SEC"), the fund may transfer uninvested cash balances, including cash collateral received under security lending arrangements, into a joint trading account along with the cash of other registered investment companies and certain other accounts managed by Putnam Management. These balances may be invested in issues of high-grade short-term investments having maturities of up to 397 days for collateral received under security lending arrangements and up to 90 days for other cash investments.

**C) Repurchase agreements** The fund, or any joint trading account, through its custodian, receives delivery of the underlying securities, the market value of which at the time of purchase is required to be in an amount at least equal to the resale price, including accrued interest. Collateral for certain tri-party repurchase agreements is held at the counterparty's custodian in a segregated account for the benefit of the fund and the counterparty. Putnam Management is responsible for determining that the value of these underlying securities is at all times at least equal to the resale price, including accrued interest.

**D) Security transactions and related investment income** Security transactions are recorded on the trade date (date the order to buy or sell is executed). Gains or losses on securities sold are determined on the identified cost basis.

Interest income is recorded on the accrual basis. Dividend income, net of applicable withholding taxes, is recognized on the ex-dividend date except that certain dividends from foreign securities are recognized as soon as the fund is informed of the ex-dividend date. Non-cash dividends, if any, are recorded at the fair market value of the securities received.

**E) Futures and options contracts** The fund may use futures and options contracts to hedge against changes in the values of securities the fund owns or expects to purchase. The fund may also write options on securities it owns or in which it may invest to increase its current returns.

The potential risk to the fund is that the change in value of futures and options contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, or if the counterparty to the contract is unable to perform. Risks may exceed amounts recognized on the statement of assets and liabilities. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. If a written call option is exercised, the premium originally received is recorded as an addition to sales proceeds. If a written put option is exercised, the premium originally received is recorded as a reduction to the cost of investments.

Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. The fund and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin." Exchange-traded options are valued at the last sale price, or if no sales are

reported, the last bid price for purchased options and the last ask price for written options. Options traded over-the-counter are valued using prices supplied by dealers. Futures and written option contracts outstanding at period end, if any, are listed after the fund's portfolio.

**F) Security lending** The fund may lend securities, through its agents, to qualified borrowers in order to earn additional income. The loans are collateralized by cash and/or securities in an amount at least equal to the market value of the securities loaned. The market value of securities loaned is determined daily and any additional required collateral is allocated to the fund on the next business day. The risk of borrower default will be borne by the fund's agents; the fund will bear the risk of loss with respect to the investment of the cash collateral. Income from securities lending is included in investment income on the statement of operations. At January 31, 2005, the value of securities loaned amounted to \$292,597,386. The fund received cash collateral of \$300,582,405, which is pooled with collateral of other Putnam funds into 25 issuers of high-grade short-term investments.

**G) Federal taxes** It is the policy of the fund to distribute all of its taxable income within the prescribed time and otherwise comply with the provisions of the Internal Revenue Code of 1986 (the "Code") applicable to regulated investment companies. It is also the intention of the fund to distribute an amount sufficient to avoid imposition of any excise tax under Section 4982 of the Code, as amended. Therefore, no provision has been made for federal taxes on income, capital gains or unrealized appreciation on securities held nor for excise tax on income and capital gains.

At July 31, 2004, the fund had a capital loss carryover of \$4,654,709,543 available to the extent allowed by the Code to offset future net capital gain, if any. The amount of the carryover and the expiration dates are:

Loss Carryover	Expiration
\$ 782,588,829	July 31, 2010
3,872,120,714	July 31, 2011

The aggregate identified cost on a tax basis is \$12,151,874,456, resulting in gross unrealized appreciation and depreciation of \$1,501,455,646 and \$668,632,317, respectively, or net unrealized appreciation of \$832,823,329.

**H) Distributions to shareholders** Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations.

## Note 2

### Management fee, administrative services and other transactions

Putnam Management is paid for management and investment advisory services quarterly based on the average net assets of the fund. Such fee is based on the following annual rates: 0.70% of the first \$500 million of average net assets, 0.60% of the next \$500 million, 0.55% of the next \$500 million, 0.50% of the next \$5 billion, 0.475% of the next \$5 billion, 0.455% of the next \$5 billion, 0.44% of the next \$5 billion, 0.43% of the next \$5 billion, 0.42% of the next \$5 billion, 0.41% of the next \$5 billion, 0.40% of the next \$5 billion, 0.39% of the next \$5 billion, 0.38% of the next \$8.5 billion and 0.37% thereafter.

Putnam Management has agreed to waive fees and reimburse expenses of the fund through July 31, 2005, to the extent necessary to ensure that the fund's expenses do not exceed the average expenses of the front-end load funds viewed by Lipper, Inc. as having the same investment classification or objective as the fund. The expense reimbursement is based on a comparison of the fund's expenses with the average annualized operating expenses of the funds in its Lipper peer group for each calendar quarter during the fund's last fiscal year, excluding 12b-1 fees and without giving effect to any expense



offset and brokerage service arrangements that may reduce fund expenses. For the period ended January 31, 2005, Putnam Management did not waive any of its management fee from the fund.

For the period ended January 31, 2005, Putnam Management has assumed \$448,101 of legal, shareholder servicing and communication, audit and Trustee fees incurred by the fund in connection with certain legal and regulatory matters (including those described in Note 6).

The fund reimburses Putnam Management an allocated amount for the compensation and related expenses of certain officers of the fund and their staff who provide administrative services to the fund. The aggregate amount of all such reimbursements is determined annually by the Trustees.

Custodial functions for the fund's assets are provided by Putnam Fiduciary Trust company ("PFTC"), a subsidiary of Putnam, LLC. Putnam Investor Services, a division of PFTC, provides investor servicing agent functions to the fund. During the six months ended January 31, 2005, the fund paid PFTC \$20,085,896 for these services.

The fund has entered into an arrangement with PFTC whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the fund's expenses. The fund also reduced expenses through brokerage service arrangements. For the six months ended January 31, 2005, the fund's expenses were reduced by \$3,927,747 under these arrangements.

Each independent Trustee of the fund receives an annual Trustee fee, of which \$8,358, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees receive additional fees for attendance at certain committee meetings.

The fund has adopted a Trustee Fee Deferral Plan (the "Deferral Plan") which allows the Trustees to defer the receipt of all or a portion of Trustees fees payable on or after July 1, 1995. The deferred fees remain invested in certain Putnam funds until distribution in accordance with the Deferral Plan.

The fund has adopted an unfunded noncontributory defined benefit pension plan (the "Pension Plan") covering all Trustees of the fund who have served as a Trustee for at least five years. Benefits under the Pension Plan are equal to 50% of the Trustee's average total retainer and meeting fees for the three years preceding retirement. Pension expense for the fund is included in Trustee compensation and expenses in the statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

The fund has adopted distribution plans (the "Plans") with respect to its class A, class B, class C, class M and class R shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. The purpose of the Plans is to compensate Putnam Retail Management, a wholly-owned subsidiary of Putnam, LLC and Putnam Retail Management GP, Inc., for services provided and expenses incurred in distributing shares of the fund. The Plans provide for payments by the fund to Putnam Retail Management at an annual rate of up to 0.35%, 1.00%, 1.00%, 1.00% and 1.00% of the average net assets attributable to class A, class B, class C, class M and class R shares, respectively. The Trustees have approved payment by the fund at an annual rate of 0.25%, 1.00%, 1.00%, 0.75% and 0.50% of the average net assets attributable to class A, class B, class C, class M and class R shares, respectively.

For the six months ended January 31, 2005, Putnam Retail Management, acting as underwriter, received net commissions of \$170,208 and \$7,336 from the sale of class A and class M shares, respectively, and received \$1,901,331 and \$4,687 in contingent deferred sales charges from redemptions of class B and class C shares, respectively. A deferred sales charge of up to 1.00% and 0.65% is assessed on certain redemptions of class A and class M shares, respectively. For the six months ended January 31, 2005, Putnam Retail Management, acting as underwriter, received \$3,831 and no monies on class A and class M redemptions, respectively.

**Note 3****Purchases and sales of securities**

During the six months ended January 31, 2005, cost of purchases and proceeds from sales of investment securities other than short-term investments aggregated \$3,987,560,844 and \$5,937,961,791, respectively. There were no purchases or sales of U.S. government securities.

Written option transactions during the period are summarized as follows:

	Contract Amounts	Premiums Received
Written options outstanding at beginning of period	4,332,565	\$1,615,880
Options opened	21,601,877	9,563,130
Options exercised	(1,653,314)	(705,271)
Options expired	(17,885,435)	(7,191,946)
Options closed	(2,490,248)	(1,289,276)
Written options outstanding at end of period	3,905,445	\$1,992,517

**Note 4****Capital shares**

At January 31, 2005, there was an unlimited number of shares of beneficial interest authorized. Transactions in capital shares were as follows:

Six months ended January 31, 2005		
Class A	Shares	Amount
Shares sold	20,472,763	\$ 320,568,782
Shares issued in connection with reinvestment of distributions	—	—
	20,472,763	320,568,782
Shares repurchased	(99,888,912)	(1,572,232,765)
Net decrease	(79,416,149)	\$(1,251,663,983)
Year ended July 31, 2004		
Class A	Shares	Amount
Shares sold	79,303,649	\$ 1,228,578,034
Shares issued in connection with reinvestment of distributions	—	—
	79,303,649	1,228,578,034
Shares repurchased	(327,883,621)	(5,098,312,073)
Net decrease	(248,579,972)	\$(3,869,734,039)

Six months ended January 31, 2005		
Class B	Shares	Amount
Shares sold	3,677,717	\$ 50,529,709
Shares issued in connection with reinvestment of distributions	—	—
	3,677,717	50,529,709
Shares repurchased	(23,208,937)	(319,534,711)
Net decrease	(19,531,220)	\$(269,005,002)

Year ended July 31, 2004		
Class B	Shares	Amount
Shares sold	14,739,404	\$ 201,892,272
Shares issued in connection with reinvestment of distributions	—	—
	14,739,404	201,892,272
Shares repurchased	(58,618,003)	(805,559,220)
Net decrease	(43,878,599)	\$(603,666,948)

Six months ended January 31, 2005		
Class C	Shares	Amount
Shares sold	312,144	\$ 4,732,863
Shares issued in connection with reinvestment of distributions	—	—
	312,144	4,732,863
Shares repurchased	(1,448,044)	(21,902,905)
Net decrease	(1,135,900)	\$(17,170,042)

Year ended July 31, 2004		
Class C	Shares	Amount
Shares sold	1,501,237	\$ 22,327,645
Shares issued in connection with reinvestment of distributions	—	—
	1,501,237	22,327,645
Shares repurchased	(4,742,103)	(71,392,899)
Net decrease	(3,240,866)	\$(49,065,254)



Six months ended January 31, 2005		
<b>Class M</b>	Shares	Amount
Shares sold	555,546	\$ 8,206,830
Shares issued in connection with reinvestment of distributions	—	—
	555,546	8,206,830
Shares repurchased	(2,086,581)	(30,950,288)
<b>Net decrease</b>	<b>(1,531,035)</b>	<b>\$(22,743,458)</b>

Year ended July 31, 2004		
<b>Class M</b>	Shares	Amount
Shares sold	1,948,643	\$ 28,525,561
Shares issued in connection with reinvestment of distributions	—	—
	1,948,643	28,525,561
Shares repurchased	(15,536,938)	(229,479,991)
<b>Net decrease</b>	<b>(13,588,295)</b>	<b>\$(200,954,430)</b>

Six months ended January 31, 2005		
<b>Class R</b>	Shares	Amount
Shares sold	20,141	\$315,203
Shares issued in connection with reinvestment of distributions	—	—
	20,141	315,203
Shares repurchased	(2,881)	(46,468)
<b>Net increase</b>	<b>17,260</b>	<b>\$268,735</b>

Year ended July 31, 2004		
<b>Class R</b>	Shares	Amount
Shares sold	16,857	\$265,313
Shares issued in connection with reinvestment of distributions	—	—
	16,857	265,313
Shares repurchased	(973)	(14,950)
<b>Net increase</b>	<b>15,884</b>	<b>\$250,363</b>

Six months ended January 31, 2005		
<b>Class Y</b>	Shares	Amount
Shares sold	17,201,479	\$ 280,058,759
Shares issued in connection with reinvestment of distributions	—	—
	17,201,479	280,058,759
Shares repurchased	(62,607,876)	(1,020,398,046)
<b>Net decrease</b>	<b>(45,406,397)</b>	<b>\$(740,339,287)</b>

Year ended July 31, 2004		
<b>Class Y</b>	Shares	Amount
Shares sold	52,971,376	\$ 844,852,075
Shares issued in connection with reinvestment of distributions	—	—
	52,971,376	844,852,075
Shares repurchased	(71,188,506)	(1,152,118,946)
<b>Net decrease</b>	<b>(18,217,130)</b>	<b>\$(307,266,871)</b>

#### Note 5

##### Investment in Putnam

##### Prime Money Market Fund

Pursuant to an exemptive order from the Securities and Exchange Commission, the fund invests in Putnam Prime Money Market Fund, an open-end management investment company managed by Putnam Management. Management fees paid by the fund are reduced by an amount equal to the management fees paid by Putnam Prime Money Market Fund with respect to assets invested by the fund in Putnam Prime Money Market Fund. For the period ended January 31, 2005, management fees paid were reduced by \$44,771 relating to the fund's investment in Putnam Prime Money Market Fund. Income distributions earned by the fund are recorded as income in the statement of operations and totaled \$588,437 for the period ended January 31, 2005.

**Note 6****Regulatory matters and litigation**

Putnam Management has entered into agreements with the Securities and Exchange Commission and the Massachusetts Securities Division settling charges connected with excessive short-term trading by Putnam employees and, in the case of the charges brought by the Massachusetts Securities Division, by participants in some Putnam-administered 401(k) plans. Pursuant to these settlement agreements, Putnam Management will pay a total of \$193.5 million in penalties and restitution, with \$153.5 million being paid to shareholders and the funds. The restitution amount will be allocated to shareholders pursuant to a plan developed by an independent consultant, with payments to shareholders currently expected by the end of the summer.

The SEC's and Massachusetts Securities Division's allegations and related matters also serve as the general basis for numerous lawsuits, including purported class action lawsuits filed against Putnam Management and certain related parties, including certain Putnam funds. Putnam Management will bear any costs incurred by Putnam funds in connection with these lawsuits. Putnam Management believes that the likelihood

that the pending private lawsuits and purported class action lawsuits will have a material adverse financial impact on the fund is remote, and the pending actions are not likely to materially affect its ability to provide investment management services to its clients, including the Putnam funds.

In connection with its investigation of certain brokerage matters, the staff of the Philadelphia district office of the SEC has raised the question whether, in years prior to 2004, Putnam Management fully and effectively disclosed its practices relating to the allocation of brokerage on mutual fund portfolio transactions to broker-dealers who sold shares of the funds. Putnam Management ceased directing brokerage to broker-dealers in connection with the sale of fund shares as of January 1, 2004. Putnam Management and the Philadelphia office negotiated an offer of settlement under which Putnam Management would pay a civil penalty in the amount of \$40 million and disgorgement in the amount of \$1, and the total amount would be distributed to certain Putnam funds. The offer of settlement is subject to final documentation and approval by the Commissioners and the staff of the SEC. Discussions with the staff with respect to the offer of settlement are ongoing.

# Results of November 11, 2004 and January 10, 2005 shareholder meetings

(Unaudited)

*A special meeting of shareholders of the fund was held on November 11, 2004. At that meeting consideration of certain proposals was adjourned to a final meeting held on January 10, 2005.*

## *November 11, 2004 meeting*

At the meeting, each of the nominees for Trustees was elected, as follows:

	<b>Votes For</b>	<b>Votes Withheld</b>
<b>Jameson A. Baxter</b>	496,898,329	27,009,734
<b>Charles B. Curtis</b>	496,938,603	26,969,460
<b>Myra R. Drucker</b>	499,446,385	24,461,678
<b>Charles E. Haldeman, Jr.</b>	499,155,992	24,752,071
<b>John A. Hill</b>	501,102,811	22,805,252
<b>Ronald J. Jackson</b>	497,122,942	26,785,121
<b>Paul L. Joskow</b>	501,338,363	22,569,700
<b>Elizabeth T. Kennan</b>	496,604,972	27,303,091
<b>John H. Mullin, III</b>	497,001,805	26,906,258
<b>Robert E. Patterson</b>	496,998,304	26,909,759
<b>George Putnam, III</b>	496,493,583	27,414,480
<b>A.J.C. Smith*</b>	496,593,143	27,314,920
<b>W. Thomas Stephens</b>	496,983,256	26,924,807
<b>Richard B. Worley</b>	503,682,233	20,225,830

A proposal to amend the fund's fundamental investment restriction with respect to diversification of investments to enhance the fund's ability to invest in registered investment companies such as Putnam Prime Money Market Fund was approved as follows:

	<b>Votes For</b>	<b>Votes Against</b>	<b>Abstentions</b>
	383,916,434	23,037,003	116,954,626

# Results of November 11, 2004 and January 10, 2005 shareholder meetings (continued)

(Unaudited)

## *January 10, 2005 meeting*

A proposal to amend the fund's fundamental investment restriction with respect to borrowing to allow the fund the investment flexibility permitted by the Investment Company Act was approved as follows:

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstentions</b>
371,386,156	50,730,946	110,855,646

A proposal to amend the fund's fundamental investment restriction with respect to making loans to enhance the fund's ability to participate in an interfund borrowing and lending program was approved as follows:

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstentions</b>
377,078,906	46,909,762	108,984,080

A proposal to amend the fund's fundamental Agreement and Declaration of Trust to permit the fund to satisfy redemption requests other than in cash was defeated as follows:

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstentions</b>
384,654,237	34,688,951	113,629,560

\* Mr. Smith resigned from the Board of Trustees on January 14, 2005.  
All tabulations are rounded to nearest whole number.

# Brokerage commissions

(Unaudited)

Brokerage commissions are paid to firms that execute trades on behalf of your fund. When choosing these firms, Putnam is required by law to seek the best execution of the trades, taking all relevant factors into consideration, including expected quality of execution and commission rate. Listed below are the largest relationships based upon brokerage commissions for your fund and the other funds in Putnam's Large-Cap Growth group for the year ended January 31, 2005. The other Putnam mutual funds in this group are Putnam Growth Opportunities Fund, Putnam VT Growth Opportunities Fund, and Putnam VT Voyager Fund.

The top five firms that received brokerage commissions for trades executed for the Large-Cap Growth group are (in descending order) Credit Suisse First Boston, Goldman Sachs, Citigroup Global Markets, Morgan Stanley Dean Witter, and Merrill Lynch. Commissions paid to these firms together represented approximately 69% of the total brokerage commissions paid for the year ended January 31, 2005.

Commissions paid to the next 10 firms together represented approximately 26% of the total brokerage commissions paid during the period. These firms are (in alphabetical order) Bridge Trading, Charles Schwab & Co., Deutsche Bank Securities, Factset Securities, JP Morgan Clearing, Lazard Freres & Co., Lehman Brothers, RBC Capital Markets, Standard & Poor's, and UBS Warburg.

Additional information about brokerage commissions is available on the Securities and Exchange Commission (SEC) Web site at [www.sec.gov](http://www.sec.gov). Putnam funds disclose commissions by firm to the SEC in semiannual filings on form N-SAR.

# Services for shareholders

## *Investor services*

**Help your investment grow** Set up a program for systematic investing with as little as \$25 a month from a Putnam fund or from your own savings or checking account. (Regular investing does not guarantee a profit or protect against loss in a declining market.)

**Switch funds easily\*** You can move money from one Putnam fund to another within the same class of shares without a service charge.

**Access your money easily** You can have checks sent regularly or redeem shares any business day at the then-current net asset value, which may be more or less than the original cost of the shares. Class B and class C shares carry a sales charge that is applied to certain withdrawals.

**How to buy additional shares** You may buy shares through your financial advisor or directly from Putnam. To open an account by mail, send a check made payable to the name of the fund along with a completed fund application. To add to an existing account, complete the investment slip found at the top of your Confirmation of Activity statement and return it with a check payable to your fund.

## *For more information*

**Visit [www.putnaminvestments.com](http://www.putnaminvestments.com)**

A secure section of our Web site contains complete information on your account, including balances and transactions, updated daily. You may also conduct transactions, such as exchanges, additional investments, and address changes. Log on today to get your password.

**Use our toll-free number 1-800-225-1581**

Ask a helpful Putnam representative or your financial advisor for details about any of these or other services, or see your prospectus.

\*This privilege is subject to change or termination. An exchange of funds may result in a taxable event. In addition, a 2% redemption fee will be applied to shares exchanged or sold within 5 days of purchase, and certain funds have imposed a 1% redemption fee on total assets redeemed or exchanged between 6 and 90 days of purchase.

# The Putnam family of funds

*The following is a complete list of Putnam's open-end mutual funds. Investors should carefully consider the investment objective, risks, charges, and expenses of a fund before investing. For a prospectus containing this and other information for any Putnam fund or product, call your financial advisor at 1-800-225-1581 and ask for a prospectus. Please read the prospectus carefully before investing.*

## Growth Funds

Discovery Growth Fund  
Growth Opportunities Fund  
Health Sciences Trust  
International New Opportunities Fund\*  
New Opportunities Fund  
OTC & Emerging Growth Fund  
Small Cap Growth Fund  
Vista Fund  
Voyager Fund

## Blend Funds

Capital Appreciation Fund  
Capital Opportunities Fund  
Europe Equity Fund\*  
Global Equity Fund\*  
Global Natural Resources Fund\*  
International Capital  
Opportunities Fund\*  
International Equity Fund\*  
Investors Fund  
Research Fund  
Tax Smart Equity Fund  
Utilities Growth and Income Fund

## Value Funds

Classic Equity Fund  
Convertible Income-Growth Trust  
Equity Income Fund  
The George Putnam Fund of Boston  
The Putnam Fund for Growth  
and Income  
International Growth and Income Fund\*  
Mid Cap Value Fund  
New Value Fund  
Small Cap Value Fund†

## Income Funds

American Government Income Fund  
Diversified Income Trust  
Floating Rate Income Fund  
Global Income Trust\*  
High Yield Advantage Fund\*†  
High Yield Trust\*  
Income Fund  
Limited Duration Government  
Income Fund‡  
Money Market Fund§  
U.S. Government Income Trust

\* A 1% redemption fee on total assets redeemed or exchanged between 6 and 90 days of purchase may be imposed for all share classes of these funds.

† Closed to new investors.

‡ Formerly Putnam Intermediate U.S. Government Income Fund.

§ An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

# The Putnam family of funds

## **Tax-free Income Funds**

AMT-Free Insured Municipal Fund\*\*  
Municipal Income Fund  
Tax Exempt Income Fund  
Tax Exempt Money Market Funds  
Tax-Free High Yield Fund

### *State tax-free income funds:*

Arizona, California, Florida,  
Massachusetts, Michigan, Minnesota,  
New Jersey, New York, Ohio, and  
Pennsylvania

## **Asset Allocation Portfolios**

Putnam Asset Allocation Portfolios—  
three investment portfolios that spread  
your money across a variety of stocks,  
bonds, and money market investments.

### *The three portfolios:*

Asset Allocation: Balanced Portfolio  
Asset Allocation: Conservative Portfolio  
Asset Allocation: Growth Portfolio

## **Putnam RetirementReady® Funds**

Putnam RetirementReady Funds —  
nine investment portfolios that offer  
diversification among stocks, bonds,  
and money market instruments and  
adjust to become more conservative  
over time based on a target date for  
withdrawing assets.

### *The nine portfolios:*

Putnam RetirementReady 2045 Fund  
Putnam RetirementReady 2040 Fund  
Putnam RetirementReady 2035 Fund  
Putnam RetirementReady 2030 Fund  
Putnam RetirementReady 2025 Fund  
Putnam RetirementReady 2020 Fund  
Putnam RetirementReady 2015 Fund  
Putnam RetirementReady 2010 Fund  
Putnam RetirementReady Maturity Fund

\*\* Formerly Putnam Tax-Free Insured Fund.

With the exception of money market funds, a 2%  
redemption fee will be applied to shares exchanged  
or sold within 5 days of purchase.

Check your account balances and the most recent  
month-end performance at [www.putnaminvestments.com](http://www.putnaminvestments.com).



# Putnam puts your interests first

*Beginning in January 2004, Putnam began introducing a number of voluntary initiatives designed to reduce fund expenses, provide investors with more useful information, and help safeguard the interests of all Putnam investors. Visit [www.putnaminvestments.com](http://www.putnaminvestments.com) for details.*

## *Cost-cutting initiatives*

### **Reduced sales charges**

The maximum sales charge for class A shares has been reduced to 5.25% for equity funds (formerly 5.75%) and 4.50% for most income funds (formerly 4.75%).\*

### **Lower class B purchase limit**

To help ensure that investors are in the most cost-effective share class, the maximum amount that can be invested in class B shares has been reduced to \$100,000. (Larger trades or accumulated amounts will be directed to class A shares.)

### **Ongoing expenses will be limited**

Through calendar 2005, total ongoing expenses, including management fees for all funds, will be maintained at or below the average of each fund's industry peers in its Lipper load-fund universe. For more information, please see the Statement of Additional information.

## *Improved disclosure*

Putnam fund prospectuses and shareholder reports have been revised to disclose additional information that will help shareholders compare funds and weigh their costs and risks along with their potential benefits. Shareholders will find easy-to-understand information about fund expense ratios, portfolio manager compensation, risk comparisons, brokerage commissions, and employee and trustee ownership of Putnam funds. Disclosure of breakpoint discounts has also been enhanced to alert investors to potential cost savings.

## *Protecting investors' interests*

### **Short-term trading fee introduced**

To discourage short-term trading, which can interfere with a fund's long-term strategy, a 2% short-term trading fee will be imposed on any Putnam fund shares (other than money market funds) redeemed or exchanged within five calendar days of purchase.

\* The maximum sales charge for class A shares of Putnam Limited Duration Government Income Fund (formerly Putnam Intermediate U.S. Government Income Fund) and Putnam Floating Rate Income Fund remains 3.25%.

## Fund information

One of the largest mutual fund families in the United States, Putnam Investments has a heritage of investment leadership dating back to Judge Samuel Putnam, whose Prudent Man Rule has defined fiduciary tradition and practice since 1830. Founded over 65 years ago, Putnam Investments was built around the concept that a balance between risk and reward is the hallmark of a well-rounded financial program. We presently manage over 100 mutual funds in growth, value, blend, fixed income, and international.

### **Investment Manager**

Putnam Investment  
Management, LLC  
One Post Office Square  
Boston, MA 02109

### **Marketing Services**

Putnam Retail Management  
One Post Office Square  
Boston, MA 02109

### **Custodian**

Putnam Fiduciary  
Trust Company

### **Legal Counsel**

Ropes & Gray LLP

### **Trustees**

John A. Hill, *Chairman*  
Jameson Adkins Baxter  
Charles B. Curtis  
Myra R. Drucker  
Charles E. Haldeman, Jr.  
Ronald J. Jackson  
Paul L. Joskow

Elizabeth T. Kennan

John H. Mullin, III

Robert E. Patterson

George Putnam, III

W. Thomas Stephens

Richard B. Worley

### **Officers**

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Charles E. Porter

*Executive Vice President,*

*Associate Treasurer and*

*Principal Executive Officer*

Jonathan S. Horwitz

*Senior Vice President*

*and Treasurer*

Steven D. Krichmar

*Vice President and*

*Principal Financial Officer*

Michael T. Healy

*Assistant Treasurer and*

*Principal Accounting Officer*

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*Vice President and Legal and  
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*Vice President and*

*Chief Compliance Officer*

Judith Cohen

*Clerk and Assistant Treasurer*

*This report is for the information of shareholders of Putnam Voyager Fund. It may also be used as sales literature when preceded or accompanied by the current prospectus, the most recent copy of Putnam's Quarterly Performance Summary, and Putnam's Quarterly Ranking Summary. For more recent performance, please visit [www.putnaminvestments.com](http://www.putnaminvestments.com). Investors should carefully consider the investment objective, risks, charges, and expenses of a fund, which are described in its prospectus. For this and other information or to request a prospectus, call 1-800-225-1581 toll free. Please read the prospectus carefully before investing. The fund's Statement of Additional Information contains additional information about the fund's Trustees and is available without charge upon request by calling 1-800-225-1581.*

Call 1-800-225-1581 or visit our Web site  
[www.putnaminvestments.com](http://www.putnaminvestments.com).